

## **Ramsey Program Description - Strategies for Stabilization**

### **Target Area**

Based upon Minnesota Housing's methodology, Ramsey County chose an area adjacent to an existing NSP1 target area. This target area is a good solid, middle class residential area with homes typical of first ring suburbs. Ramsey County has many neighborhoods that are fully developed. New housing opportunities are limited by the availability of suitable sites and market demand. Presently there is interest throughout suburban Ramsey County in providing alternatives for seniors who wish to remain in the community, but live in more appropriate housing, encouraging rehabilitation through existing county-sponsored programs assures that these neighborhoods remain desirable for growing families as long time owners relocate to senior living.

### **Additional Local Assets**

Frost Ave. from Hwy 61 to E. Shore and then eventually to White Bear Ave. is planned for reconstruction and rehabilitation, depending on various grant fundings and developers moving in the area (\$3-6 million). The old Frost Avenue bridge just east of Highway 61 is planned to be demolished and rebuilt in 2011 at a cost of roughly \$1.5 million. The largest project in the area is an interchange at Hwy 36 and English Street (\$14 million) in order to eliminate the signal and improve access (planned for 2013-2014). Concepts drawings are located on Ramsey County's website.

Employers within the "target" area are Menards, CountrySide VW/Saab, McGrath Sheet Metal and Ramsey County for Keller Golf Course.

Major employers in the 1 & 5 mile range from the target area are:

- City County Employees Credit Union
- Sheet Metal Credit Union
- Keller Lake Animal Hospital
- St. John's Hospital
- McDonald's (three stores)
- Specialty Engineering
- Health Partners
- Feed Products North
- 3M
- Numerous banks: Wells Fargo, Premier Bank, etc
- Public entities: City of Maplewood, Ramsey County, ISD #622, State of MN-MnDOT research facility on Hwy 36

### **Partners**

Ramsey County will enter into new agreements with two developers, Robert Engstrom Capital Management and LLC and Crockett Builders, who are assisting with the NSP1 process, familiar with development, program requirements and the current market. For Energy Audits the County has partnered with Neighborhood Energy Connection.

### **Financing/Leverage**

The primary change will be leveraging public assets with private investments in the form of developer first mortgage financing from private sources. This will allow the developers to increase the velocity of stabilization efforts and limit the contribution of NSP3 to no more than \$50,000 per unit, on average. Ramsey County plans to be more financially conservative; site identification will more selective, and marketing will be more focused going forward with their NSP3 plan than was the case with NSP1.

Using existing intermediary developers, Ramsey County will acquire, rehabilitate and resell or rent (as appropriate) foreclosed and vacant properties that have been on the market for at least 90 days. Ramsey County anticipates that with 1) reinvestment of sale proceeds, 2) the addition of \$200,000 in remaining HOME funds set aside in 2009 and 2010 for Ramsey County's Foreclosure Remediation Project and 3) commitment of new 2011 HOME funds of at least \$75,000, Ramsey County will be able to impact at least 12 properties in the identified target areas. Ramsey County will also make FirstHOME Buyer Assistance available in the amount of \$180,000, as needed, to eligible buyers to write-down the cost of purchasing an NSP property. Private financing will be sought for development costs in the amount of \$1,750,000, as needed. NSP3 will be used as subsidy, anticipated to be \$33,600-\$50,000 per property.

### **Rental Preference**

Ramsey County proposes to remain flexible with respect to owner/renter opportunities. Ultimate end use will depend on appropriateness of the type of properties available: size, configuration, location, development cost, etc. Due to the many rental units in the area, Ramsey anticipates making homeownership affordable for lower income tenants in the neighborhood. If a property suitable for rental is secured, Ramsey County may seek to change their activities to accommodate rental units. Their interest is to try to find a unit that could serve special needs population, similar to a property they secured under NSP1. Therefore Ramsey process will guide them to keep searching for properties that are the right fit. From an overall perspective, census tracts with rental rates at the 25th percentile or above were targeted to ensure Minnesota Housing incorporated rental preferences in their plan.

### **Subsidy**

The amount of subsidy per unit is \$33,600 - \$50,000.

### **Resale/Recapture**

Ramsey County will use a recapture program. In cases where the subsidy is higher the preference would be to place the home under land trust with the right of first refusal.

### **Low Income (Below 50% AMI)**

Ramsey County hopes to market properties to families at 50% of median through the PHA program of financial management and counseling which recommends families for ownership.

### **Vicinity Hiring**

Vicinity hiring will be achieved by:

- Using local developer intermediaries
- Purchasing materials locally wherever possible
- Using local subcontractors
- Using local realtors

**Marketing Plan**

Ramsey expects to mount an intense marketing effort with a coordinated tour of NSP1 homes in mid-February, and will begin to use coordinated tactics to establish brand name identity for all NSP homes to differentiate them from other homes that may be on the market. Emerging markets will receive special attention and Ramsey County will use approaches recommended by the FHIC's Hamline MBA Fair Housing Marketing Team to reach new immigrant buyers. Property sales are extremely price sensitive therefore the focus will be to sell the quality and long-term benefits of the home. Ramsey County has learned how predatory the market is in dictating terms to the seller. One of the developers has implemented a Contract for Deed Program as an added tool to be available.